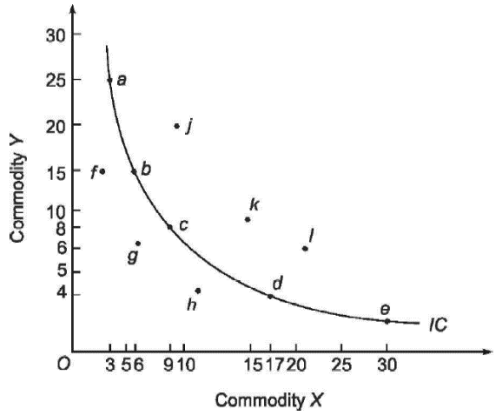
Indifference Curve

An indifference curve may be defined as the *locus of points each representing a different combination of two substitute goods, which yield the same utility or level of satisfaction to the consumer. Therefore, he is indifferent between any two combinations of two goods when it comes to making a choice between them.*

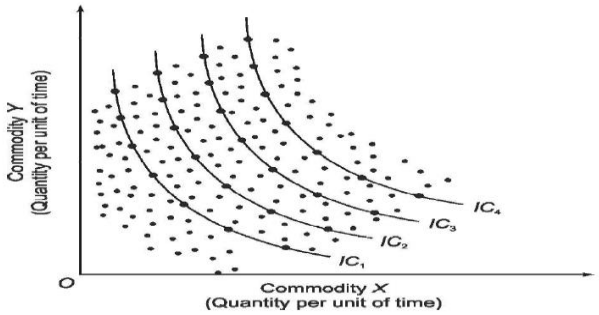
For example, let us suppose that a consumer consumes two goods, *X* and *Y*, and he makes five combinations *a*, *b*, *c*, *d* and *e* of the two substitute commodities, *X* and *Y*, as presented in Table 3.3. All these combinations yield the same level of satisfaction.

Combination		*Units of Commodity Y*	+	*Units of Commodity X*	=	*Total Utility*
a	=	25	+	3	=	*U*
b	=	15	+	5	=	*U*
c	=	8	+	9	=	*U*
d	=	4	+	17	=	*U*
e	=	2	+	30	=	*U*



Indifference Map-

The **Indifference Map** is the graphical representation of two or more indifference curves showing the several combinations of different quantities of commodities, which consumer consumes, given his income and the market price of goods and services. Higher indifference curve implies a higher level of satisfaction.



Properties of Indifference Curve

Indifference curves have the following four basic properties:
1. Indifference curves slope downward to right;
2. Indifference curves of imperfect substitutes are convex to the origin;
3. Indifference curves do not intersect nor are they tangent to one another;
4. Upper indifference curves indicate a higher level of satisfaction.

References:
Dwivedi D N, Managerial Economics, Vikas Publishing House Pvt. Ltd, 2006
Samuelson, Paul A;Nordhaus, William D.(2014).Economics. Boston, Mass: Irwin McGraw-Hill.